

27 July 2011

## **Quarterly Activities Report for the period ending 30 June 2011**

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### **Highlights**

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- **Completion of sale of Paron Gold Project and mining information.**
- **Preparations advanced for drilling programme at Narracoota gold-copper project.**
- **Continued assessment of advanced project opportunities.**
- **Retirement of Peter McAleer as Chairman and appointment of Ian Middlemas as Chairman and Mark Pearce as non executive Director.**
- **Proposed placement of shares and options to raise \$2.2 million before costs.**

### **Sale of Paron and Mining Information**

On 20 December 2010, Latin Gold Limited (Latin or the Company) announced to the ASX that it had reached agreement with Coronet Metals Inc (Coronet), a British Columbia, Canadian registered company, for the sale of 100% of its interest in the Paron Gold Project located in Peru and certain mining information on other projects located within South America.

Coronet is a public company, is listed on the TSX Venture Exchange Inc in Toronto, Canada (code/symbol CRF.H) and its sole activity is that of investigating business opportunities and mineral properties for potential acquisition and subsequent exploration and development.

The sale was completed in Peru on 3 June with US\$5.5 million being received in cash and US\$2.0 million in Coronet shares. Of the US\$5.5 million in cash US\$3.75 million is currently held in an escrow account awaiting a tax certificate from Peruvian authorities.

The balance of the consideration (which relates only to the sale of Paron) is milestone linked with US\$1.5 million payable within 5 days of commencement of construction of site works (directly related to the installation of a mine or mill) and a bonus of US\$1.0 million payable at the same time if the JORC resource exceeds 275,000 ounces of gold. US\$2.0 million is then payable within 5 days of the 12 month anniversary of the initial gold pour and US\$2.0 million is payable within 5 days of the 24 month anniversary of the initial gold pour.

In addition to the sale consideration, Coronet shares to the value of US\$2.5 million will be issued within 5 days of a JORC inferred resource of equal to or greater than 250,000 ounces of gold being defined within the Paron Deeps exploration target (the Paron Deeps target is an undrilled potential hanging wall extension to the existing Paron resource). An overriding 1.0% gross royalty on all production from Paron in excess of 200,000 ounces is also payable

Pursuant to Listing Rule 11.2, the sale was subject to and conditional upon approval by Latin shareholders. Latin shareholders approved the sale on 2 April 2011.

## **Project Acquisition**

Latin continues to seek advanced exploration, pre-development or producing mineral assets.

During the quarter, a detailed review of advanced project opportunities continued with an unsuccessful offer being made on an Australasian coking coal opportunity. The review of a gold asset, with existing resources and located in Eastern Europe, was terminated without an offer being made.

Within Australia, Latin has two joint ventures over advanced exploration projects within Western Australia. The Narracoota project will be drilled in late August and ground access is still restricted at Loongana because of wet conditions.

### **Narracoota (Latin earning 50%)**

The Narracoota project is located about 80 kilometres north of Meekatharra, Western Australia. The project covers part of the southern section of the Palaeoproterozoic Bryah Basin (a sub-basin of the Glengarry Basin) and has been explored for epigenetic gold and VHMS-style base and precious metals by previous explorers.

The project area lies some 75 kilometres southwest of the DeGrussa discovery. The Narracoota project contains extensive widths of Narracoota Volcanics which are interpreted to occur in at least three structural repetitions, providing a target zone of approximately 20 kilometres in length.

A drilling programme by the tenement owner, Richmond Mining Limited, intersected highly anomalous gold values in an alluvial covered area described as lying over a

bullseye magnetic feature which is bounded by a number of prominent magnetic breaks and lineaments.

Hole	Interval	Description	Au	Cu	Ni	Zn
NRC5	10-20m	Mafic dyke?, highly magnetic	0.33	105	74	107
NRC5	20-30m	Mafic dyke?, variably magnetic	0.12	127	96	111
NRC5	40-50m	Mafic dyke?, variably magnetic, minor pyrite	0.35	147	108	80

**Au results in g/t, all other results in ppm, Au assayed by FA30, Cu, Ni and Zn assayed by AAS.**

This anomaly is covered by alluvial sediments and as a result it is not possible to carry out any reliable surface sampling. As a consequence, a drilling programme has been scheduled to commence late in August-early September to grid drill across the anomaly and adjacent structures.

This programme will comprise between 15-25 drill holes for a total of 1,500 metres.

Under the terms of the Narracoota joint venture, Latin has the right to earn a 50% interest in Narracoota by expending \$500,000 by no later than 31 December 2012. Latin is required to expend a minimum of \$75,000 by 30 September 2011.

### **Loongana (Latin earning 50%)**

The Loongana project is located on the Nullarbor Plain within Western Australia and covers over 40 kilometres of a buried mafic and ultramafic intrusive. The intrusive had been interpreted from geophysical surveys and eight drill holes completed over the project to date have confirmed the geology.

Mafic and ultramafic rocks are the primary hosts for nickel mineralisation. Massive nickel mineralisation often has an elevated magnetic response and can also show a higher than usual gravity response. Within the Loongana intrusive, magnetic and gravity surveys have mapped a range of zones where there are discrete, as well as coincident, magnetic and gravity features.

Latin has identified 3 deep targets within the project and had planned to drill test these targets in the June quarter. As a result of highly unusual levels of rain early in the quarter, access to the area was not possible and may not be so until late in the current quarter.

Under the terms of the joint venture, Latin has the right to earn a 50% interest in Loongana by expending \$500,000 by no later than 31 December 2012. Latin is required to expend a minimum of \$100,000 by 31 December 2011 (extended from 30 June 2011).

## **Board Changes**

Mr Peter McAleer, the Company's chairman since its ASX listing in 2001 retired as Chairman and a Director effective from close of business 5 July 2011. The Board

acknowledges the effort Mr McAleer expended in his role as Chairman and Director and wishes him all the best in his future endeavours.

As a result of Mr McAleer's retirement from the Board, Latin appointed Mr Ian Middlemas as a Non Executive Director and Chairman and Mr Mark Pearce as a Non Executive Director, effective from 4 July 2011.

Mr Ian Middlemas is a Chartered Accountant and has been in commerce for over twenty years holding senior executive positions and directorships in a number of public companies. He was a Senior Group Executive with Normandy Group for approximately ten years. Mr Middlemas has considerable corporate, financial and management expertise and is a Member of the Financial Services Institute of Australasia.

## **Proposed Share Placement**

Latin will seek shareholder approval to make a placement of 100,000,000 fully paid ordinary shares at \$0.022 per share, together with a 1 for 2 free attaching option (exercisable at \$0.04 each on or before 30 June 2015), to raise \$2,200,000.

The proposed capital raising will be undertaken to increase working capital to levels where the Company will be better able to pursue additional opportunities in the resources sector to complement the Company's existing assets.

The largest participant in the proposed placement will be Arredo Pty Ltd, a company associated with Mr Ian Middlemas.

It is expected that a notice of meeting will be sent to shareholders in the coming weeks.

## **Cash Reserves**

The Company had cash holdings of approximately \$2.2 million as at 30 June 2011, with an additional US\$3.75 million being held in trust pending the issue of a tax certificate by the Peruvian taxation authorities.

*Information in this report has been reviewed by a Competent Person as defined in the JORC Code, being Mr Howard Dawson, who has sufficient experience in mineral resource estimation relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking, and consents to the inclusion in the public release of the matters based on their information in the form and context in which it appears.*